

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE  
FISCAL IMPACT STATEMENT**

**PROPOSED RULE:** #03-303  
**STATE AGENCY:** Department of Insurance

**DATE PREPARED:** Jul 29, 2004  
**DATE RECEIVED:** Jun 25, 2004

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**Digest of Proposed Rule:** The proposal amends 760 IAC 2-1 through 760 IAC 2-20 to implement updates to the National Association of Insurance Commissioners' model regulation, to conform to the Health Insurance Portability and Accountability Act of 1996, to conform to IC 27-1-15.6 and IC 27-1-15.7, and to achieve reciprocity with other states on the licensing of insurance producers. The rule would be effective 30 days after filing with the Secretary of State.

**Governmental Entities:** No fiscal impact.

**Regulated Entities:** Sixty-one companies actively market long-term care insurance products in Indiana. The proposed rule includes increased disclosures and policy provisions. The 61 companies will likely need to update their forms to comply with the amendments. Approximately 25 states have already adopted these changes. Of the 61 companies marketing in Indiana, 52 also market in a state that has already adopted the provisions of the proposed rule. While these companies would need to file forms with the Department of Insurance, they would not need to update forms if the forms have already been updated to comply with the rules of other states.

The impact for filing and printing new forms is estimated at \$5,000 per company. Applying this estimate to the 52 companies that operate in other states results in a fiscal impact of \$260,000 for these 52 companies.

With respect to the remaining nine companies, the cost to update is estimated at between \$25,000 to \$50,000. Given these estimates, the costs to the remaining nine companies could equal between \$225,000 and \$450,000.

The fiscal impact to the industry as a whole could range from \$485,000 to \$710,000.

**Information Sources:** Amy Strati, Department of Insurance, 311 W. Washington Street, Suite 300, 317-232-2385.